



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

December 16, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

TRANSFER OF RESPONSIBILITY FOR EIGHTEEN COURTHOUSES AND OTHER COURT FACILITIES TO THE STATE OF CALIFORNIA (ALL DISTRICTS) (3 VOTES)

SUBJECT

This letter recommends Board approval of eighteen Transfer Agreements and seventeen Joint Occupancy Agreements, as well as other related actions, to effect the transfer of responsibility for the Superior Court's share of fourteen courthouses and four other court facilities, and subsequent transfer of title for certain of the properties. This change will alleviate the County's current responsibility to provide, operate, and maintain space for the Superior Court in the eighteen locations.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the recommended actions are categorically exempt from the provisions of the California Environmental Quality Act (CEQA).
2. Approve Amendment No. 9 to the County's ground lease of the Huntington Park Courthouse site and parking, in order to allow the County to assign the lease to the Judicial Council of California.
3. Approve and instruct the Chairman to sign eighteen Transfer Agreements with the Judicial Council of California for:

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

"To Enrich Lives Through Effective And Caring Service"

***Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only***

- (a) the transfer of responsibility, effective upon Board approval, for the Superior Court's share of facilities operations at fourteen courthouses, including Catalina, Central Civil West, David V. Kenyon, Eastlake, Hollywood, Huntington Park, Inglewood Juvenile, Los Padrinos, Malibu, Norwalk, Pomona North, Pomona South, San Pedro, and West Los Angeles Courthouses;
 - (b) the transfer of responsibility, effective upon Board approval, for the Superior Court's shares of the County Records Center, the Hall of Records, the Monrovia Training Center, and the Long Beach Parking Structure;
 - (c) the transfer of title to nine of the properties to the State of California, effective once the Judicial Council completes its title work; and
 - (d) the transfer of title to the Norwalk Courthouse site to the State of California, effective after the Option held by the County pursuant to the Option Agreement with the City of Norwalk Redevelopment Agency is exercised or terminated, and the Judicial Council completes its title work.
- 4. Approve and instruct the Chairman to sign seventeen Joint Occupancy Agreements setting the terms and conditions for the shared use of the seventeen properties, all except West Los Angeles Courthouse, by the County and the Superior Court, along with the other State parties.
 - 5. Instruct the Chief Executive Officer (CEO) to sign the Quitclaim Deeds, which will be approved as to form by County Counsel, substantially similar in form and content to those included in each Transfer Agreement for the ten properties where title is to be transferred.
 - 6. Instruct the Auditor-Controller to make quarterly installments of the County Facilities Payment (CFP) associated with the eighteen facilities, to the State Controller in accordance with the Government Code for transferred facilities and the instructions of the State Controller, in the amount of \$3,683,295 for the remainder of 2008-09 and \$6,777,268 for subsequent years, as these amounts may be adjusted by the State Department of Finance to account for changes in the rate of inflation up to the date of transfer.
 - 7. Instruct the CEO to assign occupancy agreements, and to terminate those agreements that cannot be assigned, for third-party tenants if the responsibility for those agreements is transferred to the Judicial Council under the Transfer Agreements, in accordance with the Transfer Agreements.

8. Authorize the CEO to execute any other documents, upon approval as to form by County Counsel, and to take other related actions necessary to complete the transfers and implement their purposes.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Trial Court Facilities Act (SB 1732, Chapter 1082 of 2002—the Act) established the authority for the transfer of responsibility for court facilities from the counties to the State, with the State's interests represented by the Judicial Council of California. The Act has been subsequently amended, including by AB 1491 (Jones, Chapter 9 of 2008), which extends the transfer period through December 31, 2008, without penalty, and, if the County pays a penalty, through December 31, 2009.

The Act authorizes the State of California, through the Judicial Council, to assume the financial responsibility for the facilities operations (e.g., payment of utilities, building and grounds maintenance, permitting of equipment, and other building management functions) in the Superior Court share of local trial courts. Transfer of the court facilities will relieve the County of its responsibility for operation and management of court facilities, which responsibility has largely been dictated by the non-County tenant, as well as of its obligations for future operational cost increases.

This action represents the last of six Board letters authorizing the transfer of court facilities. Upon approval of the items in this letter, the State will be responsible for their share of facilities operations at all the courthouses and other court facilities, and County staff are able to proceed on title transfer on all those courthouses and facilities where title is to be transferred.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide the public with beneficial and responsive services (Goal 1), and that we strengthen the County's fiscal capacity (Goal 4). The transfer of these eighteen court facilities to the State will support the County's efforts to maintain court services in those areas to the benefit of the public, while at the same time, limiting the County's exposure to inflationary cost increases in future years.

FISCAL IMPACT/FINANCING

The Act requires that, for each court facility transferred, the County develop and certify a CFP, which is the maintenance-of-effort payment. The CFP is intended to approximate the amount that the County has historically expended for facilities operations costs, excluding upgrades, associated with the Superior Court's share of each court facility, including payment of utilities, building maintenance, permitting of equipment, grounds maintenance, certain property claims and losses, and management of leases and licenses both with lessors, such as for the Huntington Park and Central Civil West Courthouses and for parking at the Hollywood Courthouse, and with third-party tenants in the Superior Court's area or whose responsibility is being transferred. To calculate the CFP, actual costs incurred during a five-year base period were adjusted for inflation, and the average used as the basis for the payment. Because inflation to the date of transfer can only be estimated, the Act provides for the calculated CFP amounts to be adjusted, on a one-time basis, for the actual rate of inflation, once it becomes known.

The CFP for 2008-09 will be a reduced amount, providing funding only for that portion of the year that the facilities are transferred, that is, from Board approval through June 30, 2009.

After transfer of responsibility for the State's share of each facility, the State and the County will each be responsible for their respective shares of all facilities operations costs. For 2008-09 only, the County will bill, and the State will pay, an amount based on the CFP, rather than on actual costs, for facilities operations services rendered by the County to the Superior Court, except for upgrades and utilities, which will be paid by the State based on the actual costs incurred at each courthouse. As the years go by, the State will be responsible for all cost increases that may occur in their share of facilities operations, and the County's responsibility for the State area will remain at the original level, via the annual CFP payment.

Under SB 10 (Chapter 444 of 2006), earthquake damage becomes the responsibility of the State for buildings, such as the Monrovia Training Center, which are rated at "Seismic Level IV." In accordance with SB 10, the County will continue to be responsible for all real property losses associated with any seismic event at Hollywood, and most of the other, older courthouses. In addition, because the County does not traditionally purchase property insurance, and is therefore not making a property insurance payment as part of the CFP, the County will instead indemnify the State for certain "insurable" property losses in excess of \$10,000, as long as the County retains building management responsibilities on behalf of the State, as part of a "soft landing" negotiated to lessen the impact on Internal Services Department employees of the reduced workload. In our experience, such property losses have rarely occurred in courthouses.

There will be a recommendation later in the current fiscal year, to adjust appropriations among various General Fund budget units to accommodate the new financing structure, with no net County cost impact. This Appropriation Adjustment will affect not only the court facilities in this Board letter, but also those facilities that have already transferred in the current fiscal year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Act, as amended by later statutes, authorizes the County to enter into agreements for the transfer of responsibility for and title to court facilities, as well as for the joint occupancy of those court facilities. The Transfer Agreements and Joint Occupancy Agreements have been approved as to form by County Counsel. The cities where these courthouses are located have been provided notice of the transfers pursuant to Government Code Section 65402.

Under the Transfer Agreements, the State will become financially responsible for facilities operations in the Superior Court share of each courthouse, or other building, including the areas that house the Superior Court and the State-funded Sheriff security services, as well as the areas leased or licensed to Superior Court-related tenants, and the Superior Court's share of the common area. The County will continue to be financially responsible for facilities operations in the County share of each courthouse that houses the District Attorney, Public Defender, Alternate Public Defender, Probation Department, County-funded Sheriff Civil Management services, and other miscellaneous County spaces, as well as the County's share of the common area. Title will be transferred for those courthouses in which the Superior Court is the majority occupant, except in facilities that are on an integrated campus, including Catalina, Malibu and the County Records Center. For the Norwalk Courthouse, the title transfer will be delayed until the Option held by the County pursuant to the Option Agreement with the City of Norwalk Redevelopment Agency is exercised or terminated.

Under the Joint Occupancy Agreements, the Administrative Office of the Courts will become the manager in those buildings where the Superior Court is the majority occupant, after a period of one to three years wherein management will be delegated to the County. The County will retain management control of all buildings where the County is the majority occupant. The County will also retain management control of the Catalina Courthouse, which shares a campus with other County buildings. Specific information relating to each court facility's Transfer Agreement and Joint Occupancy Agreement is as follows:

- Catalina Courthouse (Attachments A and B)

Superior Court share: 88.51 percent

County share: 11.49 percent

No title to be transferred; this is on a ground lease where the County is the majority tenant, including the Catalina Sheriff's Station and the Avalon Library

Seismic responsibility will be transferred to the State

CFP: \$13,444 in 2008-09 (part-year); \$24,737 in future years (full years)

Management will be retained by the County

No tenants

- Central Civil West Courthouse (Attachments C and D)

Superior Court share: 79.59 percent (of this lease only)

County share: 20.41 percent (plus two other leases in this building)

County will manage the lease until the Judicial Council can replace the Superior Court's share of it, or until the lease expires in January 2016

Seismic responsibility is with the lessor (Commonwealth Enterprises)

CFP: \$1,505,680 in 2008-09 (part-year); \$2,770,452 in future years (full years)

Management: County until the lease is amended, to remove the Superior Court's area, at which time the County will manage only the remaining County area

No tenants

- County Records Center (Attachments E and F)

Superior Court share: 93.00 percent

County share: 7.00 percent

Title will be retained by County; State's equity interest will be limited to the additional value of the Court of Flags property contributed by the building

Seismic responsibility will be retained by County

CFP: \$319,780 in 2008-09 (part-year); \$588,395 in future years (full years)

Management: County; additionally, all parking will be retained by County and provided for Superior Court use, but no responsibility transferred to AOC

No tenants

- David V. Kenyon Juvenile Justice Center (Attachments G and H)

Superior Court share: 40.66 percent
County share: 59.34 percent
Title will be retained by County
Seismic responsibility will be transferred to the State
CFP: \$27,497 in 2008-09 (part-year); \$50,595 in future years (full years)
Management: County
No tenants assigned or terminated

- Eastlake Courthouse (Attachments I and J)

Superior Court share: 54.78 percent
County share: 45.22 percent
Title will be retained by County
Seismic responsibility will be retained by County
CFP: \$116,048 in 2008-09 (part-year); \$213,529 in future years (full years)
Management: County; additionally, all parking will be retained by County and provided for Superior Court use, but no responsibility transferred to AOC
No tenants assigned or terminated

- Hall of Records (Attachments K and L)

Superior Court share: 10.59 percent
County share: 89.41 percent
Title will be retained by County
CFP: \$303,397 in 2008-09 (part-year); \$558,252 in future years (full years)
Management: County; additionally, all parking will be retained by County and provided for Superior Court use, but no responsibility transferred to AOC
Seismic responsibility will be retained by County
No tenants assigned or terminated

- Hollywood Courthouse (Attachments M and N)

Superior Court share: 91.09 percent

County share: 8.91 percent

Title transfer expected within one year, including building and grounds; additionally, AOC will replace license with First Presbyterian Church of Hollywood for overflow juror parking

Seismic responsibility will be retained by County

CFP: \$107,730 in 2008-09 (part-year); \$198,224 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: City of Los Angeles (city attorney)

Tenants terminated (agreement to be replaced by AOC): Volunteer Center of Los Angeles and First Class Vending (vending machines)

- Huntington Park Courthouse (Attachments O and P)

Superior Court share: 93.60 percent

County share: 6.40 percent

Title transfer (for building only) expected within one year; ground lease with the City of Huntington Park will be assigned to the Judicial Council, based on the authority provided by Amendment No. 9 to the County's Lease and Agreement No. 7241 with the City of Huntington Park, Attachment JJ to this letter, and the City's approval of the transfer

Seismic responsibility will be retained by County

CFP: \$202,159 in 2008-09 (part-year); \$371,972 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: none

Tenants terminated (agreement to be replaced by AOC): Compass Group (vending machines)

- Inglewood Juvenile Courthouse (Attachments Q and R)

Superior Court share: 80.78 percent

County share: 19.22 percent

Title transfer expected within one year, including building and grounds

Seismic responsibility will be retained by County

CFP: \$108,171 in 2008-09 (part-year); \$199,034 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: none

Tenants terminated (agreement to be replaced by AOC): Compass Group (vending machines)

- Los Padrinos Juvenile Courthouse (Attachments S and T)

Superior Court share: 29.32 percent
County share: 70.68 percent
Title will be retained by County
Seismic responsibility will be transferred to the State
CFP: \$49,761 in 2008-09 (part-year); \$91,561 in future years (full years)
Management: County; additionally, all parking will be retained by County and provided for Superior Court use, but no responsibility transferred to AOC
No tenants assigned or terminated

- Malibu Courthouse (Attachments U and V)

Superior Court share: 45.05 percent of Courthouse/Administrative Center only
County share: 54.95 percent of Courthouse/Administrative Center plus all other buildings on the campus
Title will be retained by County
Seismic responsibility will be retained by County
CFP: \$79,648 in 2008-09 (part-year); \$146,552 in future years (full years)
Management: County; additionally, all parking will be retained by County and provided for Superior Court use, but no responsibility transferred to AOC
No tenants assigned or terminated

- Monrovia Training Center (Attachments W and X)

Superior Court share: 70.29 percent
County share: 29.71 percent
Title transfer expected within one year, including training center and vacant modular buildings, but not health center on the same Assessor's parcel, and not off-site parking lot north of the court facility
Seismic responsibility will be transferred to the State
CFP: \$44,165 in 2008-09 (part-year); \$81,264 in future years (full years)
Management: AOC after delegation period for the training center; County will continue to manage the off-site parking lot
No tenants assigned or terminated

- Norwalk Courthouse (Attachments Y and Z)

Superior Court share: 85.03 percent

County share: 14.97 percent

Title transfer is anticipated when the Option held by the County pursuant to the Option Agreement between the County and the City of Norwalk Redevelopment Agency is exercised or terminated. If the Option is exercised, then title will include the building, the surface parking, the grounds, and the new "Option Parking Structure" (to be constructed pursuant to the Option Agreement to provide for secured judges parking), but not the portion of the property designated "Parcel 4." If the Option is terminated, then title will include the building, the surface parking, and the grounds, including the property designated "Parcel 4," but not the "Option Parking Structure." The existing parking structure and its access driveway (both under a ground lease to the City of Norwalk) will not transfer to the State in either case. Responsibility for parking in the parking structure will be retained by the County (via sublease from the City of Norwalk) and provided for Superior Court use.

Seismic responsibility will be retained by County

CFP: \$469,749 in 2008-09 (part-year); \$864,339 in future years (full years)

Management: AOC after delegation period for building, surface parking, and grounds only (not for parking in the parking structure, which is the management responsibility of the City of Norwalk)

Tenants assigned to AOC: Los Angeles County Law Library, City of Norwalk (for communications and for juvenile hearings), and Norwalk-La Mirada School District (juvenile hearings)

Tenants terminated (agreement to be replaced by AOC): California Department of Rehabilitation (snack bar)

- Pomona Courthouse North (Attachments AA and BB)

Superior Court share: 96.25 percent

County share: 3.75 percent

Title transfer expected within one year, including courthouse and grounds

Seismic responsibility will be retained by County

CFP: \$64,504 in 2008-09 (part-year); \$118,688 in future years (full years)

Management: AOC after delegation period

Tenants terminated (agreement to be replaced by AOC): First Class Vending (vending machines)

- Pomona Courthouse South (Attachments CC and DD)

Superior Court share: 91.14 percent

County share: 8.86 percent

Title transfer expected within one year, including courthouse, grounds, and off-site parking lot

Seismic responsibility will be retained by County

CFP: \$383,573 in 2008-09 (part-year); \$705,774 in future years (full years)

Management: AOC after delegation period; County will continue to manage the off-site parking area until lease for the portion leased from the City of Pomona is replaced by the Council

Tenants assigned to AOC: Los Angeles County Law Library, Children's Discovery Centers (child waiting)

Tenants to be terminated (agreement to be replaced by AOC): Neighborhood Legal Services (self-help center), California Department of Rehabilitation (snack bar)

- San Pedro Courthouse (Attachments EE and FF)

Superior Court share: 95.15 percent

County share: 4.85 percent

Title transfer expected within one year, including building and grounds

Seismic responsibility will be retained by County

CFP: \$103,206 in 2008-09 (part-year); \$189,899 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: Ben's Bistro (land), Papadakis Taverna (parking)

Tenants terminated: none

- West Los Angeles Courthouse (Attachment GG)

Superior Court share: 100.00 percent

County share: none

Title transfer expected within one year, including building and grounds

Seismic responsibility will be retained by County, except for the modular structures

CFP: \$50,998 in 2008-09 (part-year); \$93,836 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: none

Tenants terminated (agreement to be replaced by AOC): First Class Vending (vending machines)

- Long Beach Courthouse Parking Structure (Attachments HH and II)

Superior Court share: 75.26 percent

County share: 24.74 percent

Title transfer expected within one year, parking structure and grounds

Seismic responsibility will be retained by County

CFP: \$-266,215 in 2008-09 (part-year); \$-489,835 in future years (full years)

Management: AOC after delegation period

No tenants assigned or terminated

ENVIRONMENTAL DOCUMENTATION

The recommended actions are categorically exempt from the provisions of California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines, since the courthouses are existing public facilities, and the recommended actions involve negligible or no expansion of use of those facilities.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

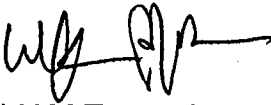
Inasmuch as the State will continue to operate the various Superior Courts and related operations in the facilities being transferred, the transfers will result in no significant impact in the level or quality of services provided to County constituents.

The Honorable Board of Supervisors
December 16, 2008
Page 13

CONCLUSION

Please return one adopted copy of this letter and two signed originals of each of the agreements to the Chief Executive Office for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
MV:tlh

Attachments

c: County Counsel
Auditor-Controller
Alternate Public Defender
District Attorney
Department of Health Services
Internal Services Department
Probation Department
Public Defender
Sheriff
Los Angeles Superior Court